EXHIBIT 17

Talk Given Before the Citigas Executives
Luncheon Club
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The Story of American Natural Gas Company
by Carl Claussen

I was billed to give a talk on the "History of American Natural Gas Company." I have taken the liberty of changing the title to "The Story of American Natural Gas Company." A history is a dry recording of facts. I prefer to be a story teller instead of a historian. I am a little sentimental about the subject of my talk. In order to be sentimental about something, other than a woman, it is necessary to have been associated with the subject for a long period of years and to have a deep interest in it. I think that I qualify on both counts.

American Natural Gas Company (known as American Light and Traction Company until 1949) was incorporated on April 6, 1901. The Company came into being when the stockholders, preferred and common, of Western Gas Company (a predecessor company of Milwaukee Gas Light Company), Grand Rapids Gas Light Company (now a part of Michigan Consolidated Gas Company), Madison Gas and Electric Company and St. Joseph Gas Company of St. Joseph, Missouri, turned in their stock for preferred and common stock of American Natural Gas Company in April of 1901. These companies were originally organized by Emerson McMillin & Company in conjunction with a number of other investment houses. Since their organization, these companies had been under the general supervision of Mr. McMillin and other members of his firm in New York City, where there was maintained a central organization to which the stockholders and local managers of the individual companies looked for information and advice. To a considerable extent the four companies had stockholders in common. The arrangement of managing these companies prior to consolidation into American Natural Gas Company was a forerunner of the holding company. I will now quote a few paragraphs from a letter by the Committee which guided the formation of the Company:

> "For some years a number of the larger stockholders have had under consideration various plans, whereby a closer union of the Companies might be effected, with all its attendant advantages. Such advantages would be numerous and will readily occur to you. Among them may be mentioned the following:
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> "(1) The securities of a larger corporation, uniting in itself the interests of all, should command higher prices in the market than do the securities of the smaller individual Companies.
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> "(2) The intrinsic value of the securities should be enhanced because the business of the larger corporation would be diversified, both in character and location. In the present situation some local difficulty might affect the earnings of an individual Company, and necessitate a reduction of dividends. The chances of difficulties occurring at more than one place at any given time are remote, and, if all were united in one Company, the combined earnings should always be sufficient to pay dividends without interruption.

"(3) The union of the Companies would provide the way for a more permanent and efficient central organization than has heretofore been possible. The economies which such an organization could effect, in the purchase of supplies, the supervision of construction work, etc., should in a short time much more than pay the expense of maintaining it. Moreover, such an organization would become absolutely permanent in character, and in time wholly independent of any individual."

I read these paragraphs because it is interesting to note that the reasons given for a holding company 65 years ago are still sound today, although perhaps in a somewhat lesser degree because of the comparatively large size of individual companies today.

Two of the eight Committee members who formed the Company were Warren W. Foster and W. F. Douthirt. There has been an unbroken representation in the ownership of stock and in directorship of the Foster family. Several years prior to Warren Foster's retirement from the American Natural board, a nephew, Stanhope Foster, became a director. Stanhope Foster is now a director emeritus and his nephew, Foster Bam, is now a director. Mr. Douthirt was a vice president and director of the Company for many years, retiring in 1954 at the age of 87. He died in 1955. Mr. Emerson McMillin was the president of the Western Gas Company (Milwaukee) when American Natural was formed and he became American Natural's first president.

The new Company grew rapidly. Starting with the four companies I mentioned, within a few months American Natural acquired the St. Paul Gas Light Company, of Minneapolis, the Southern Light and Traction Company of San Antonio, Texas, and the Binghamton Gas Works of Binghamton, New York. In 1902, the Consolidated Gas Company of New Jersey was acquired. In 1905, the Company acquired Lacombe Electric Company of Denver, Colorado, the Muskegon Traction and Lighting Company of Muskegon, Michigan, and the Jacques Cartier Electric Company of Quebec, Canada. In 1906, the St. Croix Power Company, near St. Paul, Minnesota, and the Detroit City Gas Company were added. (A few words as to how the Detroit City Gas Company came into the American Natural setup. Many public utility companies ran into difficulties in the last decade of the 19th century. Among these was the Detroit Gas Company which ran into great financial difficulties in the 1890's. Emerson McMillin became interested in the Detroit Gas Company in 1896, and in 1897 he incorporated a new company with the name of Detroit City Gas Company and McMillin became president of that company and owned a large block of its common stock. Thus, McMillin was very much involved in the Detroit City Gas Company before he formed American Light & Traction Company in 1901, and the acquisition of Detroit City Gas Company by American in 1906 to a considerable extent represented an exchange of McMillin's interest in Detroit Gas for stock in American.) In the same year the Lacombe Electric Company, acquired in the previous year, was sold at a slight profit. In 1909, the Jacques Cartier Electric Company of Quebec, acquired four years earlier, was sold at a profit of $1,000,000.

Note

For the first six months of its operations, the Company had net earnings of $370,000; by 1910 net earnings had grown to $3,700,000. In looking at the return on the common stock in this first decade, it is apparent that there was little if any regulation of rates. In the first full year of operations (1902) earnings on the common stock were 10%; the return had increased to 20% in 1906 and 27.5% in 1910. With these earnings, the Company was paying cash dividends of 10% and stock dividends of 10% in 1910.

Let us look briefly at the nature of the business of the Company in 1901. The principal gas load was lighting in the home and streets. There was some water heating business, almost entirely by manually operated heaters, that is, it was necessary to light the heater and turn it off. Gas cooking was a new load. A long nation-wide coal strike in 1902 gave an impetus to gas cooking. In the latter part of this first decade, electric lighting began making inroads in the gas lighting business. The Company also had electric business in Madison, Wisconsin and San Antonio, Texas, and street railway business in Muskegon, Michigan, and San Antonio, Texas.

The Second Decade
1911-1920

In the second decade of its operations, the Company continued to grow, primarily through growth of existing properties rather than purchase of new properties. The rate of growth was at a slower pace, and the upward trend in earnings was interrupted by the war years and inflation thereafter, resulting in large increases in the cost of coal and oil and labor without compensating increases in rates. In this decade the earnings peak was reached in 1916 and was not exceeded again until 1925.

In this second decade electric lighting rapidly replaced gas lighting and by 1920 the gas lighting load had practically disappeared. However, the cooking and water heating loads grew rapidly and in about the middle of this decade gas began to be used in greater quantities for industrial purposes, with World War I being a factor. In 1915, the Detroit City Gas Company announced that Henry Ford had decided to substitute gas for other fuels, and a little later it was announced that Ford's automobile plant was using a million cubic feet of gas a day. This was front page news in the gas industry.

The Third Decade
1921-1930

The Roaring Twenties. This was a new era for the United States. World War I had transformed the United States into the leading industrial nation in the world. After a short depression in 1921, following rampant inflation in 1920, the United States entered a period of great industrial expansion, a great building boom and unprecedented prosperity. The building boom in the Twenties was not to be exceeded again until more than 20 years later.

From an earnings standpoint, the Company did not fare very well in the first four years of this decade due primarily to great difficulties in Detroit where earnings disappeared completely, the Company actually having a loss in 1921 and 1923. The Detroit Company had been operating under a 30-year franchise granted in 1893 which provided for a maximum rate. When the inflation of war years and subsequent years greatly increased costs, earnings were sharply reduced when the City of Detroit refused to grant the Company rate relief. This matter was finally resolved in the middle twenties, and with the prosperous business conditions during the latter part of this decade, the earnings of the Detroit Company improved, as did those of the American Natural System as a whole. Earnings reached a peak of $10,700,000 in 1929 which was not to be exceeded again until 1953, 24 years later.

In the previous decade many public utility holding companies had come into being. Now in the Twenties they entered into a great expansion era -- expansion not only through growth of existing properties, in keeping with the great growth of the United States, but expansion through acquisition of other companies, resulting in competition for various properties, which in many cases drove up prices beyond realistic values.

This was a period of much activity for American Natural. In 1924 the Company sold Consolidated Gas Company of New Jersey for $4,250,000. American Natural had acquired this company in 1902 for $113,000. In 1925 the Company sold St. Paul Gas Light Company for $22,500,000. This property had been acquired in 1901 for approximately $3,700,000. In 1928, the Company sold St. Joseph Gas Company (Missouri) at approximately the price paid for it in 1901. In 1929 the Binghamton Gas Works, which had been acquired in 1901 for approximately $350,000, was sold for $4,250,000. With the large amount of cash available from the sale of these properties, the Company made substantial investments in stocks of Consolidated Gas Company of New York and Brooklyn Union Gas Company in 1926, 1927, and 1928. These stocks were sold in 1928 at a profit, and the proceeds were used primarily in the purchase of Detroit Edison stock, discussed a little later. In 1928 the Company purchased Milwaukee Solvay Coke Company from the Koppers Company through issuance of its own stock.

In this decade American Natural accumulated shares of Detroit Edison Company stock in competition with North American Company, another large holding company. By the end of this decade, American Natural and North American each owned approximately 20% of the common stock of Detroit Edison.

While American Natural was attempting to gain control of Detroit Edison Company, it in turn was acquired by another large holding company, The United Light & Railways Company. By 1928, the United Light & Railways Company had acquired more than 50% of the voting stock of American Natural (both American Natural common and preferred stock having voting rights).

The first annual report ever issued by the Company was for the year 1928. Prior to that time, the Company had issued only a brief statement, using a single small page, showing the results of the operations of the properties. The 1928 annual report had some interesting statements. As an example, there was the statement "At Detroit the return of the Ford Motor Company to active production brought the volume of employment up to a point higher than it had been for some time." The significance of this statement is that 1927 was the last year of production of the old Model T car by Ford, and Ford was shut down for a number of months while making the change-over to produce its new car. Three statements in the 1928 annual report indicate that management had a dim view with respect to natural gas. American Natural had acquired the Milwaukee Solvay Coke Company in August of 1928, and in the 1928 annual report the statement was made that the coke business has been even better than expected. The further statement was made that "there is a great deal of coke being made in the central part of the country, but we believe there is still room for a great deal more as the use of it for domestic fuel becomes popularized for beyond all question it is the best solid fuel adapted to domestic use." (In 1962 American Natural sold the Coke Company after many years of declining business). Another quotation from the 1928 report on natural gas is as follows: "In December, 1927, oil and gas were struck by some prospect drilling in the vicinity of Muskegon.

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By the middle of the summer 1928, the volume of gas available, was so great that we were forced to lay a line into the field and prepare to supply the city of Muskegon and its surburban districts with natural gas. It did not appear then to us, nor has it appeared at any time since, that the supply of natural gas in or near Muskegon, was of a permanent character, nevertheless the pressure of public opinion was so great that we were forced to undertake the distribution of natural gas.

"The bringing of natural gas into the Muskegon situation, has somewhat upset our expectations there. However, this highly industrial city with its diversity of manufacturing, will continue to grow and when the natural gas supply has become exhausted, our manufacturing gas plant (which has in the meantime been kept in condition to operate) will again be in service."

Thus you can see that natural gas was looked upon as a temporary interruption to the manufacture and sale of manufactured gas. The St. Joseph Gas Company (Missouri), one of the original four companies which comprised American Natural, was sold in 1928 because of the threat of natural gas.

Inasmuch as 1928 was the first year covering which an annual report was issued, it was also the first year for which I was able to find system-wide statistics on sales and revenues. In 1928, total gas sales were 40 billion cubic feet. Inasmuch as this was manufactured gas with a Btu content of about half of natural gas, these sales were equivalent to about 20 billion cubic feet of natural gas. In contrast, our sales are now approaching the 500 billion cubic feet mark, or 25 times the figure for 1928.

As the Twenties came to a close, American Natural was entering a long period of decline lasting almost two decades.

The Fourth Decade
1931-1940

The fourth decade brought the great depression. For some public utility holding companies, it was the "morning after," when they found themselves with heavy capitalization, great debt and declining earnings on properties purchased at high prices in the twenties in the great race to expand. However, American Natural entered the depression in excellent financial condition. In addition to common stock and surplus of $87,000,000, it had a relatively small issue of 6% preferred stock ($13,000,000), and its only debt was an $11,000,000 bank loan which was well secured by shares of Detroit Edison Company stock. To give you an idea of the depth of the depression, in 1932 the construction for the entire system was only $1,000,000, whereas $50,000,000 is now a relatively small figure -- construction expenditures in 1964 will be about $100,000,000.

This decade saw the great sleeping giant, natural gas, finally emerge powerful and vigorous -- and the day of manufactured gas was doomed, although in the case of our Milwaukee Gas Light Company natural gas did not come until 20 years later. Natural gas had been flourishing for a number of years, primarily in California, Texas, Pennsylvania, West Virginia and parts of Ohio. Inasmuch as the art of transmitting natural gas in large quantities for long distances had not yet been adequately developed, its use was confined largely to service areas within relatively short distances from producing fields. However, about

1930, there was a break-through, and transmission lines capable of being operated at high pressures were developed, making it possible to transport large volumes of natural gas for long distances. Numerous new pipeline companies were formed. Among these was Northern Natural Gas Company, which was organized in 1930, with 35% ownership by The United Light & Railways Company, the holding company which controlled American Natural. The United Light & Railways Company helped to sponsor Northern Natural Gas Company because it wanted natural gas for its vast gas distributing properties in Nebraska and Iowa. Natural Gas Pipeline Company of America was also organized at this time. This line transmitted gas to Chicago -- Chicago thus becoming the first large northern city to receive natural gas. This line sold gas to various gas distributing properties of Railways not served by Northern Natural. The discovery and development of the great Panhandle-Hugoton gas fields in Texas, Oklahoma, and Kansas shortly before 1930 gave impetus to the northward drive of natural gas. These fields were the source of gas for both Northern Natural Gas Company and Natural Gas Pipeline Company of America. At about this time, a predecessor company of Panhandle Eastern Pipeline Company started a line from the new Panhandle-Hugoton field. However, this company ran into financial difficulties during the depression and it was not able to extend its line beyond Indianapolis, Indiana. As I previously mentioned, American Natural came under the control of The United Light & Railways Company in 1928. With the commencement of operation of Northern Natural Gas Company and Natural Gas Pipeline Company of America, most of the gas distribution properties of Railways distributed natural gas, and the management of Railways and American Natural now were determined to obtain a natural gas supply for Detroit. After extended negotiations, arrangements were made to purchase gas from Panhandle Eastern Pipe Line Company, which company had taken over the properties of the company which had run a line as far as Indianapolis, as previously mentioned. Panhandle extended its line to Michigan, and thus, Detroit received natural gas again after a lapse of about 35 years. Way back in the early 1890's a portion of Detroit was supplied with natural gas from Ohio. When this supply dwindled, a supply of natural gas was obtained from across the river in Canada but this supply was exhausted by 1900. This natural gas was only a supplement to manufactured gas.

The coming of natural gas resulted in a new load -- the heating business. Today central house heating by gas is accepted as the best and most economical method. In the early Twenties, the oil burner was making its bid as a replacement for coal and coke burning furnaces. However, the price of oil burning equipment was out of reach for the average family, and the price of fuel oil was higher than it is today. The first large installation of central heating by gas was in a 100-home development in Baltimore in 1917. However, no substantial progress was made in central house heating by gas until natural gas became plentiful. As as indication of how insignificant the house heating business was to the American Natural system prior to the availability of natural gas, in 1930 the house heating business represented only about 2% of total sales. The coming of natural gas also permitted a substantial expansion in industrial sales.

In this decade two small companies were organized and commenced operations. These were American Michigan Pipe Line Company, organized in 1934, and American Production Company, organized in 1936. These two companies were merged into Michigan Consolidated Gas Company in 1943. Although these two companies never earned much money, and their importance probably was not fully recognized at the time, their operations became tremendously important to the American Natural System at a later date. American Production Company took over from several oil companies various gas leases covering substantial acreage in Michigan.

Gas was produced from these fields and supplied to Grand Rapids. These fields subsequently became depleted and then became the nucleus of the vast underground gas storage fields now so vital a part in the American Natural System.

On the political scene, a new era was ushered in when Franklin D. Roosevelt became President in March, 1933. This era, called "The New Deal" brought a flood of new laws. Among the new laws was the "Public Utility Holding Company Act of 1935" which was to have a profound effect on public utility holding companies.

This law provided among other things that a public utility holding company must be a system which was integrated or capable of integration, of such size that it could be efficiently operated without impairment of state and local regulation - must render only one type of service, that is electric or gas, with minor exceptions - must have a simple capital structure - and there must not be any subholding companies.

At the time of enactment of the law, American Natural was a subholding company in The United Light & Railways System. Although the law was enacted in 1935, for several years thereafter the holding companies contested the law and were reluctant to move. After the companies lost court cases, the SEC, which had and still has broad administrative and interpretive powers under the law, ruled that all holding companies must register with the Commission by not later than 1939 or thereafter be barred from using the mails, plus certain other penalties. Railways, the top holding company, registered within the time limit prescribed. Thereafter the holding companies, including Railways, were given a certain period of time within which to file plans of integration or dissolution.

The problem before management was whether to completely dissolve Railways or attempt to reduce the vast system - with several subholding companies and many classes of securities - which must be paid off or otherwise satisfied - into one integrated system.

It became apparent early that American Natural could not be part of an integrated system comprised of parts of the numerous and large electric properties in the Railways system. Further it appeared that American Natural properties at that time could not be retained by United Light & Railways as a subholding company - even after elimination of electric properties - San Antonio and Madison. After elimination of San Antonio and Madison and some small properties, only two large gas properties, Michigan Consolidated and Milwaukee Gas Light Company (plus Milwaukee Solvay Coke Company--then considered as necessary to operation of Milwaukee Gas Light--) would remain. These properties were not integrated or connected. Therefore, early in the study of how Railways could integrate, it appeared that American Natural might have difficulty forming an integrated system. I will discuss this problem further in the discussion of the next decade--the Forties.

The Fifth Decade
1941-1950

This decade was perhaps the most eventful and important in the history of the Company. This period began with a decision by management of the Company

in 1941 that the company should be liquidated. Management had concluded that under the Public Utility Holding Company Act it might not be possible to retain any properties other than Michigan Consolidated Gas Company, in which case the holding company would no longer serve any useful purpose. The 1941 annual report of the Company carried this paragraph: "Everything considered, your management holds the definite view that the most feasible method of complying with the Securities and Exchange Commission's order with respect to conforming to the provisions of the Holding Company Act is to liquidate your Company by distributing among the stockholders, on a basis found to be fair and equitable, such of its assets and investments as cannot be advantageously sold. Your management proposes to complete and file a definite plan with the Commission as soon as possible."

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However, nothing was done for several years other than to dispose of San Antonio Public Service Company in 1942. The San Antonio company had been acquired in 1901. After a few years management decided to take a second look at the American Natural System. Milwaukee Gas Light Company did not have natural gas and earnings of that company were gradually disappearing as the cost of manufactured gas increased and the permanent value of any rate increase was doubtful because higher rates made it more difficult for the company to compete with electric service and other fuels; the Michigan Consolidated Gas Company supply of natural gas was inadequate to permit growth, and relations with Panhandle Eastern Pipe Line Company had deteriorated and Panhandle refused to sell more gas to Michigan Consolidated. American Natural had a large investment in Detroit Edison stock which under the Holding Company Act would have to be disposed of eventually. Management decided that a pipe line company, wholly owned by American Natural, bringing natural gas to both Milwaukee and Michigan Consolidated, would be of great benefit to those companies, and at the same time would make it possible to conform the American Natural System to the integration and simplification requirements of the Public Utility Holding Company Act. Money derived from the sale of Detroit Edison stock would supply the equity capital for the pipe line company. Thus, in July 1947, the Company withdrew the liquidation plan previously filed with the SEC. On December 30, 1947, the SEC approved the Company's plan of integration, and American Natural, with a new lease on life, entered on the most dynamic period of its long history.

The obtaining of a natural gas supply, the securing of the required approval of the Federal Power Commission for a pipe line company, the procurement of pipe for a large pipe line during the post-war years of extreme shortages, and obtaining the large amount of senior money, are in themselves a long and interesting story, and I can only touch briefly on the highlights in my talk today. From the beginning of this project, Panhandle Eastern Pipe Line Company opposed it and fought the Company on every possible front -- in the courts, before the Federal Power Commission and before the Securities and Exchange Commission. In addition, Allied Chemical Company, a very large stockholder in American Natural, opposed integration of the Company and intervened in hearings before the Securities and Exchange Commission.

This entire project was beset with a series of crises and deadlines. The first step in this program was to obtain an adequate supply of natural gas. In 1945, a contract was made with Phillips Petroleum Company for a large supply of gas in the Panhandle-Hugoton Fields of Texas and Oklahoma. The contract with Phillips contained various conditions which had to be met, otherwise Phillips had the right to cancel the contract. The first condition was that Michigan

Wisconsin obtain the required Certificate of Public Convenience and Necessity from the Federal Power Commission by December 1, 1946. The certificate was granted to Michigan Wisconsin at the very last hour on November 30, 1946, just in time to meet this deadline date. In fact, this was a conditional certificate and Panhandle Eastern subsequently contended in court that Michigan Wisconsin had not obtained the required certificate in time. However, Michigan Wisconsin won this point. Another condition in the Phillips contract was that Michigan Wisconsin must deliver gas to a municipality east of the Missouri River not later than January 1, 1948. It was not possible to meet this deadline, but Michigan Wisconsin was able to have this date extended, first to January 1, 1949, and later to August 1, 1949.

The Michigan Wisconsin project was conceived immediately after the war, and at that time all the steel mills were booked for several years in advance insofar as steel for pipe was concerned. At first, it appeared that this problem was insurmountable and would kill the project. However, management learned that Stupp Brothers of St. Louis, primarily a builder of bridges, had a contract with Granite City Steel Company for a large amount of steel, for which Stupp did not have an immediate or urgent use. Arrangements were made between Michigan Wisconsin and Stupp Brothers for Michigan Wisconsin to obtain this supply of steel, which was shipped to A. O. Smith of Milwaukee for rolling into pipe.

Financing of the project involved many difficulties -- not the least of which was that a substantial sum of money was required for acquiring right-of-way and other work before Michigan Wisconsin had obtained the required certificate from the Federal Power Commission. American Natural's earnings were at a low ebb when the Michigan Wisconsin project was being planned, and it was no easy task to make arrangements for the $66,000,000 of senior money which was required. After extended negotiations a bond purchase agreement was arranged with the Metropolitan Life Insurance Company, under which that insurance company would supply Michigan Wisconsin with $60,000,000 of money as required during the construction stage. The remaining $6,000,000 was obtained from another insurance company which was a party to this bond purchase agreement. The $22,000,000 of equity money was supplied by American Natural from proceeds of the sale of Detroit Edison stock.

A few words as to why Panhandle Eastern fought so bitterly against the Michigan Wisconsin project. Michigan Consolidated and Panhandle had been feuding for a number of years. Michigan Consolidated urgently needed an increased supply of gas which Panhandle refused to sell to it; further, Michigan Consolidated, having acquired underground storage fields in Michigan, desired to store Panhandle gas in the summer to increase the load factor covering purchases from Panhandle, thereby decreasing the average cost of the gas. Panhandle took the stand that gas purchased by Michigan Consolidated from it could not be stored by Michigan Consolidated. This issue was resolved in favor of Michigan Consolidated a few years later before the Federal Power Commission. It was Panhandle's goal to prevent Michigan Consolidated from getting an increased supply of natural gas so that Panhandle could take over and serve directly the rich industrial gas market in the Detroit area. Panhandle fought through the Federal Power Commission and courts each phase of the Michigan Wisconsin project and also fought before the SEC and in the courts against the integration of American Natural. Allied Chemical opposed both the Michigan Wisconsin projects and the integration of American Natural but for different reasons than Panhandle. Allied Chemical

claimed that the pipe line project was a risky venture and that American Natural should not commit its resources to the project. Allied Chemical asked that American Natural be liquidated. Allied Chemical also lost its fight before the SEC and finally in the courts.

There were other problems related to this Michigan Wisconsin program which had to be resolved. Coal, oil, railroad and labor interests had for some years opposed introduction of natural gas into the State of Wisconsin and had succeeded in having a 7¢ per Mcf tax imposed on natural gas. This tax would be a heavy burden on natural gas, would prevent Milwaukee and other Wisconsin utilities from selling much industrial gas and would make it more difficult to sell gas for heating. After considerable efforts, this tax was repealed. Milwaukee Solvay Coke Company, then owned by Milwaukee Gas Light Company, sold a large portion of its coke output for house heating purposes in Milwaukee. The union employees of the coke company strongly opposed introduction of natural gas into Milwaukee as they thought that it would decrease coke production and eliminate their jobs. In order to overcome the objections of the coke company union employees and obtain their support for the introduction of natural gas, it was necessary to insert a provision in the coke company labor contract to the effect that if operations of the coke company were discontinued due to the introduction of natural gas, large severance payments would be made to the union employees. This provision remained in the labor contract until three years ago and haunted American Natural when it was negotiating for the sale of the coke company. It was necessary to negotiate with the coke company union to have this provision removed before the prospective buyer of the coke company would agree to purchase the property.

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Finally, all the various obstacles were overcome and Michigan Wisconsin commenced operations in November, 1949, with facilities having a deliverability of approximately 57 billion cubic feet annually. Before Michigan Wisconsin had commenced operations, plans were already made for an expansion to increase annual deliverability to 111 billion cubic feet. With the expanded facilities, the new supply of natural gas was more than twice the supply available from Panhandle Eastern. This new supply permitted Michigan Consolidated to greatly increase its heating and other business and it saved the Milwaukee Gas Light Company from vir~~tual bankruptcy. In fact, this large new supply of gas was a badly~~ needed transfusion for the entire American Natural System because the earnings of the System had declined to less than $2,500,000 in 1948, the lowest figure since 1907. At the close of this 5th decade, the American Natural System was on the threshold of its period of greatest growth.

In 1948, Madison Gas and Electric Company, one of the original four companies acquired in 1901, was disposed of through distribution of the stock of that company to the stockholders of American Natural.

In 1949, the name of the Company was changed from American Light & Traction Company to American Natural Gas Company. With the sale of San Antonio Public Service Company in 1942, the last traction property disappeared. After disposing of Madison Gas and Electric Company, the last electric property disappeared. In fact, the word "light" in the original name reflected the gas business more than the electric business inasmuch as the only electric property in the original group was that of Madison Gas and Electric Company. The change

in name to American Natural Gas Company had a special significance other than to reflect the elimination of traction and electric properties. The important word in the new name was "natural" prefacing the word "gas," because with the commencement of operations of Michigan Wisconsin Pipe Line Company in the fall of 1949, American Natural became an integrated natural gas system. In 1949, when the name of the Company was changed, few of us could possibly have visualized how greatly the Company would prosper in the next 15 years under its new name.

The Period 1951-1964

With a new large supply of natural gas under its control, American Natural began to move forward rapidly. This has been a period of successive expansions in gas supply and facilities, and ever increasing sales and earnings.

In 1953, a decision was made to increase the System's gas supply. After careful consideration it was decided that instead of expanding Michigan Wisconsin at that time it would be advantageous to build a new pipe line to tap a rich new supply of gas -- the Louisiana Gulf Coast area. American Louisiana Pipe Line Company was formed in August, 1953, contracts were made with various petroleum companies and Texas Gas Transmission Company for sufficient gas to support deliveries of 300 million cubic feet a day. An application for a certificate was filed with the Federal Power Commission in the fall of 1953. Hearings on the application were complicated and delayed by two factors. Panhandle Eastern once again opposed American Natural's efforts to increase its gas supply and intervened before the Federal Power Commission. A second complication was that during the course of the hearings the United States Supreme Court rendered its famous Phillips case decision under which independent producers of natural gas became subject to regulation by the Federal Power Commission under the provisions of the Natural Gas Act. As a result of this ruling it became necessary for the producers of gas for American Louisiana to obtain Certificates of Public Convenience and Necessity from the Commission. With these complications, a year passed before American Louisiana obtained its certificate in October, 1954. Thereupon, Panhandle Eastern appealed to the courts and several more months passed and commencement of construction was delayed until the summer of 1955. In August, 1956, American Louisiana commenced operations. Before this time, the System's entire gas supply had come from the fields of Texas and Oklahoma. Now the American Natural System had a second source of supply.

In the years of 1957, 1958, and 1959, Michigan Wisconsin acquired important gas reserves in the Laverne Field in Oklahoma. In 1960, Michigan Wisconsin began receiving 158 million cubic feet of gas a day from Midwestern Gas Transmission Company in north central Wisconsin. This supply of gas comes from Canada through Trans-Canada Pipe Lines. With this new supply of gas, the American Natural System was drawing its gas from the three most important sources in North America -- the Panhandle-Hugoton Fields in Texas and Oklahoma and the adjacent Anadarko Basin, the prolific Gulf Coast fields, and the extensive fields of Western Canada. In 1962, Michigan Wisconsin commenced purchasing 75 million cubic feet of gas a day from Northern Natural Gas Company at an interconnection in Wisconsin.

The latest expansion in gas supply is the American Louisiana project just now being completed. This will increase the American Natural System's annual gas supply to over 500 billion cubic feet.

The increase in underground storage facilities since 1950 has kept pace with the increased gas supply and the increase in peak load requirements. At the close of 1950, the American Natural System had underground storage capacity of approximately 37 billion cubic feet. At the present time the capacity is approximately 135 billion cubic feet. This figure is substantially greater than the total sales of the System in 1950.

The great progress of the American Natural System in the past ten years was graphically set forth in the Company's 1963 annual report in a table entitled "Decade of Growth." This table shows that in the past decade revenues, sales, and total earnings approximately tripled, and earnings per common share more than doubled. In the past decade very substantial progress has also been made in other important areas. The prestige and public esteem of the Company is at an all-time high. The employees of the System have shared in the System's prosperity in many ways, including an over-all benefit program which is among the best in the industry. The stock of the Company is a highly regarded investment and is in the portfolios of many investment funds and trust accounts. The American Natural star which was casting a dim and feeble light in 1948 is now shining brightly and this portends a bright future for the stockholders, the customers, and the employees.

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I have discussed the Company and to some extent the gas industry. A story of American Natural would not be complete without some comments on the men who have been at its helm during the 63 years of its existence. There have been six chief officers, holding either the title of chairman or president, two of whom held office for only a relatively short period of time.

Emerson McMillin, the first president of the Company, was born in Ohio in 1840. He was a cavalry officer in the Civil War. After the war he entered the merchandising field and in 1875 he became interested in iron manufacturing and coal mining. Later he was associated with a contracting firm which built the gas works at Ironton, Ohio, of which he became manager. Shortly thereafter he moved to Columbus, Ohio, and was active in the operation of public utilities in that city. Subsequently he moved to New York and entered the investment banking business, specializing in gas, electric, and street railway securities. He was president of the Company from 1901 until 1909, then was chairman of the board until his death in 1922.

Alanson P. Lathrop was the second chief officer of the Company. Mr. Lathrop was born in Ohio and was associated with Mr. McMillin in public utility operations in Columbus, Ohio. He came with Mr. McMillin when American Natural was organized, and became president of the Company in 1909 and remained in that office until 1927 when he was elected chairman of the board of directors, which office he held until his retirement. He died in 1950 at the age of 90.

The next two chief officers were in office only a comparatively short period of time. Mr. R. B. Brown succeeded Mr. Lathrop in 1927. At the time Mr. Brown was president of Milwaukee Gas Light Company, which post he retained. In 1934, Mr. Brown was succeeded by Charles S. McCain, who had been one of the top officers of one of the largest banks in New York City.

In 1939, Mr. William G. Woolfolk became head of the Company. Mr. Woolfolk had become associated with the American Natural System in 1932. He was president of Michigan Consolidated Gas Company at the time of his election as president of American Natural. Mr. Woolfolk remained as chief executive officer until his death in 1954. Mr. Woolfolk's abilities and his personal character were very ably expressed in a memorial by the board of directors of the Company which reads as follows:

> "As principal executive officer of American Natural Gas Company, Mr. Woolfolk with wise foresight, determination and tireless energy guided the Company and its subsidiaries through the eventful years of the Forties and early Fifties when, through a maze of difficult and laborious intermediate steps, compliance with the simplification, integration and regulatory standards of the Public Utility Holding Company Act was attained, years during which these companies were also burdened with the special problems of World War II and the post-war period. From a system embracing electric, transportation, manufactured and natural gas services and miscellaneous operations, conducted in diverse areas as widely separated as Detroit, Michigan and San Antonio, Texas, the present strong, integrated and expanding American Natural Gas System has emerged and is in successful operation. A man of vast courage in reaching and executing decisions, a genius for compact analysis and statement, and a relentless searcher for the ultimate truth, Mr. Woolfolk's ripe wisdom at the council table assured and speeded the successful solution of numberless problems of this era."

On Mr. Woolfolk's death in 1954, Mr. Ralph T. McElvenny, who had been elected president of the Company in 1953, became the chief executive officer. The best testimonial of Mr. McElvenny's outstanding managerial abilities and leadership is in the progress of the Company in the decade since he assumed the presidency. In this ten-year period, the growth of the Company has been outstanding.